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**PROGRAM/SUBJECT:** School Districts - Extracurricular Funds

**TYPES OF ENTITIES:** School Districts

**SOURCE OF AUTHORIZATION  
AND REGULATIONS:**

*Student Activity Fund Accounting*, Montana Association of School Business Officials (MASBO) (Revised November 2001), and Various sections of the Montana Code Annotated (MCA), Administrative Rules of Montana (ARM), and Attorney General’s Opinions (AGO), as noted below.

### INFORMATION CONTACT:

Montana Office of Public Instruction  
Name: Mike Waterman  
Phone Number: (406) 444-4524

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## I.     **PROGRAM OBJECTIVES:**

The student extracurricular fund is used to account for the various student activities, such as: athletics, clubs, classes, student government organizations, student publications and similar activities. Separate fund accounts within the extracurricular fund are maintained to account for these various activities. Unlike other district funds, money for these activities may be maintained in bank accounts outside the control of the county treasurer. The fund is administered by school district administrators, faculty members, and student organizations under the policies and guidelines established by the Board of Trustees.

The Montana Association of School Business Officials (MASBO) has published a handbook, *Student Activity Fund Accounting*. This handbook has been endorsed by the Office of Public Instruction and is considered state policy for school extracurricular accounting and procedures. Copies may be obtained by calling Lynda Brannon of MASBO at (406) 442-5599, or via the web at <http://www.masbo.com/public.html>.

**(Note: At the time of this printing, the latest revision to the *Student Activity Fund Accounting* manual is November 2001)**

## II.    **PROGRAM PROCEDURES:**

Section 20-9-504, MCA, states:

“(1) The government of the pupils of the school within a district or the administration of a school on behalf of the pupils may establish an extracurricular fund for the purposes of the receipts and expenditures of money collected for pupil extracurricular functions with the approval of the trustees of the district. All extracurricular money of a pupil organization of the school must be deposited and expended by check from a bank account maintained for the extracurricular fund.

(2) An accounting system for the extracurricular fund recommended by the superintendent of public instruction must be implemented by the trustees. The accounting system must provide for:

- (a) the internal control of the cash receipts and expenditures of the money; and
- (b) a general account that can be reconciled with the bank account for the extracurricular fund and reconciled with the detailed accounts within the extracurricular fund maintained for each student function.”

As stated above, schools may maintain a bank account for deposits related to activity of the extracurricular fund. In addition, ARM 10.10.304 also allows a school to use the county treasurer as a depository for the extracurricular fund.

OPI has directed school districts to report the financial activity of the extracurricular fund in fund number 84 (a fiduciary trust fund) on the Trustees’ Financial Summary.

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## II.     **PROGRAM PROCEDURES - continued:**

Following are definitions of certain terms as used in this compliance supplement and in *Student Activity Fund Accounting*:

**Fund Accounts** - Clubs or activities of the extracurricular fund that collectively make up the financial operation and position of the extracurricular fund (i.e., Class of 20XX, Athletics, Future Homemakers, Spanish Club, etc.).

**Fund Administrator** - The individual designated by the board of trustees to administer the extracurricular fund. This individual is usually the district superintendent or school principal.

**Fund Custodian** - The individual appointed by the board of trustees to receipt for and disburse funds, and to maintain the records of the extracurricular fund.

## III.     **COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

### **WRITTEN POLICIES FOR ADMINISTRATION OF THE FUND**

#### **1.     Compliance Requirement:**

- The extracurricular fund is established for pupil functions with approval required from the school district board of trustees. The trustees, along with the student government association, should develop written policies for the administration of the extracurricular funds. Once established, the written policies should be subject to constant review and expanded where necessary. (**Note: OPI has informed the Department that the Board of Trustees must adopt policies consistent with MASBO's *Student Activity Fund Accounting* for this purpose.**)

#### **Suggested Audit Procedure:**

- Evaluate the adequacy of the policies and procedures used by the district to ensure that the extracurricular fund is used to support student activities only.

### **TRUSTEES' APPROVAL OF NEW ACCOUNTS**

#### **2.     Compliance Requirement:**

- The board of trustees or its designated representative must approve the admission of new clubs or activities to the extracurricular fund.

#### **Suggested Audit Procedure:**

- Determine that no new fund accounts were created in the extracurricular fund without the approval of the board of trustees or its designated representative.

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### **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **REVIEW OF INACTIVE ACCOUNTS**

##### **3. Compliance Requirement:**

- Inactive fund accounts should be reviewed by the board of trustees or its designee at the end of each school year, and those determined to be discontinued should have any remaining balance transferred to a related fund account.

##### **Suggested Audit Procedure:**

- Determine that the board of trustees or its designee reviews inactive fund accounts at the end of the school year, and that the remaining balances of those determined to be discontinued are transferred to a related fund account.

#### **BOND COVERAGE**

##### **4. Compliance Requirement:**

- The board of trustees should review the school district's official bond coverage and insurance policies regarding burglary, liability, and other relevant coverages to verify that extracurricular fund moneys and staff and other workers involved in extracurricular fund activities are covered.

##### **Suggested Audit Procedure:**

- Verify that the district's bond coverage and various insurance policies include provisions for the extracurricular fund.

#### **OVERDRAWN ACCOUNTS**

##### **5. Compliance Requirement:**

- Fund accounts should not be permitted to become overdrawn, in that the overdraft becomes a liability to other funds and to future classes. Whenever a fund account becomes nearly depleted, remedial action should be ordered immediately by the trustees.

##### **Suggested Audit Procedure:**

- Review ending balances of fund accounts to determine if any fund accounts were permitted to become overdrawn. If there are deficit balances in any fund accounts, determine if steps have been taken to correct the deficits in a timely manner.

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### **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **ACCOUNT TRANSFERS**

##### **6. Compliance Requirement:**

- Each May the board of trustees should direct the senior class to dispose of any money remaining in the senior class fund account. The senior class could designate the balance remaining in the fund for a specific purpose and authorize the expenditure immediately, or the senior class could authorize the balance remaining in the fund to be transferred to a designated fund account.

##### **Suggested Audit Procedures:**

- During review of the school board minutes, verify that the board has requested that the senior class dispose of any of their remaining money.
- Determine that the senior class either designated the balance remaining in the fund for a specific purpose and authorized the expenditure immediately, or authorized the balance remaining in the fund to be transferred to a designated fund account.

##### **7. Compliance Requirements:**

- Transfers of money from one student fund account to another is allowed only when such transfer is justifiable and supported by proper authorization.
- All transfers made must be recorded on a transfer request form. The transfer form should contain provisions for the following:
  1. Name of school, date, and space for transfer number
  2. Reason for transfer
  3. Amount of funds to be transferred
  4. Name of fund accounts affected
  5. Approval of fund account sponsor, president or treasurer
  6. Approval by the designee of the board (Normally the fund administrator, who would be the school principal or superintendent)
  7. Posting verification and reference by the fund custodian

##### **Suggested Audit Procedure:**

- Test a sample of transfers between fund accounts and determine that they are supported by properly completed and authorized transfer forms.



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### **III.     COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **INVENTORY – continued**

#### **11.   Compliance Requirements - continued:**

- There should a policy designating the individuals responsible for maintaining the supply inventories for the various activities.
- Copies of those inventory records should be forwarded to the fund custodian and maintained on file.

#### **Suggested Audit Procedures:**

- Determine that supplies for resale are accounted for through adequate inventory records.
- Determine that these inventory records are verified by periodic physical inventories and that any significant differences are investigated.

#### **FINANCIAL STATIONERY CONTROL**

#### **12.   Compliance Requirements:**

- The board should designate an individual to maintain the financial stationery control over prenumbered forms. Forms to be controlled include fund custodian receipts, subsidiary receipts issued by other than the fund custodian, activity tickets, event admission tickets, checks, and any other prenumbered financial form. The individual designated should not be involved in any other accounting function of the extracurricular fund.
- These prenumbered forms should be issued to the fund custodian, teachers, or sponsors by the person so designated. The stationery control record should contain the numerical sequence of all forms (receipts, tickets, checks, etc.) issued to the individual. All prior stationery issued should be numerically accounted for before additional stationery is issued.
- The individual receiving financial stationery should be required to sign or initial a withdrawal slip in order to verify the issuance of forms.

#### **Suggested Audit Procedure:**

- Determine that adequate records are maintained to control prenumbered financial stationery.

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### **FUND CUSTODIAN – MONTHLY REPORTS**

##### **13. Compliance Requirements:**

- The fund custodian should present a monthly financial report for the extracurricular fund to the board of trustees.
- This report should consist of at least the following:
  1. Statement of receipts, disbursements & fund balance for the extracurricular fund in total and for each fund account.
  2. Monthly bank and fund reconciliation.
  3. Schedule of transfers between fund accounts.

##### **Suggested Audit Procedures:**

- Determine that the fund custodian files monthly extracurricular fund financial reports with the board of trustees.
- Review a sample of these reports and determine that they are in agreement with the extracurricular fund accounting records and that they contain all required financial information.

#### **DEPOSITORIES**

##### **14. Compliance Requirement:**

- School districts maintaining student extracurricular activity funds may use a separate bank account (Section 20-9-504, MCA), or the county treasurer (ARM 10.10.304) as a depository for student funds.

##### **Suggested Audit Procedure:**

- Verify that extracurricular fund moneys are deposited to a separate extracurricular fund bank account or to a separate fund maintained by the county treasurer.

##### **15. Compliance Requirement:**

- The extracurricular fund should not accumulate funds for the purpose of making investments. Therefore, fees should not be charged in excess of the amount necessary to conduct the extracurricular activities for any one school year. (A.G.O. No. 44, Volume 28) **(Note: This requirement should not be interpreted to mean that available funds cannot be invested. Also, students may accumulate funds for a specific purpose that will be expended in a subsequent year, such as a senior trip or some other purpose.)**

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### **III.     COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **DEPOSITORIES – continued**

#### **15.   Suggested Audit Procedure:**

- Determine that the ending balances of the various fund accounts are reasonable and that excess funds are not being accumulated strictly for investment purposes.

#### **16.   Compliance Requirement:**

- Interest earned from investments of the extracurricular fund should be distributed to each contributing fund account on a pro rata basis. (A.G.O. No. 44, Volume 28)

#### **Suggested Audit Procedure:**

- Test the method of distributing extracurricular fund interest income, and determine that the interest was distributed to all contributing fund accounts on a pro rata basis.

#### **CHANGE FUND**

#### **17.   Compliance Requirement:**

- The board of trustees or its designee may authorize the establishment and use of a change fund for the making of change at athletic events, concessions and other student activities. Change funds should not be on hand at year end. The change fund should be redeposited to the bank account or county treasurer at the end of the school year.

#### **Suggested Audit Procedure:**

- Determine that the establishment of any change fund was authorized by the board of trustees or its designee at the start of the school year, and that the money was redeposited to the bank account or county treasurer at the end of the school year.

#### **CASHING OF PERSONAL CHECKS**

#### **18.   Compliance Requirement:**

- The cashing of personal checks, extracurricular fund checks, or school district warrants from undeposited cash on hand (including the change fund) is prohibited.

#### **Suggested Audit Procedures:**

- Determine that the school district has a policy in place that prohibits the cashing of personal checks, extracurricular fund checks, or school district warrants from cash on hand.

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### **CASHING OF PERSONAL CHECKS – continued:**

##### **18. Suggested Audit Procedures- continued:**

- Test a sample of deposits to the extracurricular fund bank account (or the county treasurer) and determine that they did not contain any extracurricular fund checks or school district warrants, and that personal checks were for payments related to extracurricular fund related activities.

#### **PRENUMBERED RECEIPTS**

##### **19. Compliance Requirement:**

- Upon receipt of any money for student activities, the fund custodian must issue a prenumbered receipt to the club or class representative or other individual depositing the money.

##### **Suggested Audit Procedures:**

- Test receipts/revenues recorded in the extracurricular fund accounting records and determine that they are supported by prenumbered receipt documents.
- Test a sample of prenumbered receipts and determine that they are properly recorded in the accounting records.
- Determine that all prenumbered receipts are accounted for through financial stationery control records.

#### **RECEIPTS NOT DEPOSITED IN EXTRACURRICULAR ACCOUNTS**

##### **20. Compliance Requirement:**

- Since the extracurricular fund was created for student functions, the receipts to the fund should relate only to student activities. The following is a listing of receipts that must not be deposited into the extracurricular fund:
  1. The district's hot lunch collections  
(Note: These receipts should be deposited directly to the district food services fund. ARM 10.10.306 does, however, permit an interim depository account to be established);
  2. Rentals of school district facilities  
(Note: These receipts should be deposited directly to a district fund in compliance with Sections 20-9-509 and 20-6-607);
  3. Sale of district owned or purchased supplies, equipment and real property  
(Note: These receipts must be deposited directly to a district fund in compliance with Section 20-6-604, MCA);

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### **RECEIPTS NOT DEPOSITED IN EXTRACURRICULAR ACCOUNTS – continued:**

##### **20. Compliance Requirement - continued:**

4. Reimbursements from insurance companies  
(Note: These receipts are to be deposited directly to a district fund in compliance with Section 20-6-608, MCA);
5. District expense refunds, patronage and workers' compensation dividends;
6. Tuition payments from other districts  
(Note: These receipts are to be deposited directly to the district's general fund or miscellaneous programs fund in compliance with Section 20-5-324, MCA);
7. Driver education fees  
(Note: These receipts should be deposited to the driver education fund of the district. ARM 10.10.306 does, however, allow these receipts to first be deposited to an interim depository account.);
8. Transfers from school district funds;
9. Faculty flower or coffee funds, or faculty lounge receipts that are for faculty use only  
(Note: These moneys should be kept in a separate bank account.);
10. Booster club and parent teacher organization funds  
(Note: These moneys should be kept in a separate bank account.);
11. Petty cash funds for district use  
(Note: These moneys should be recorded in the general fund or other applicable fund);
12. Book fines and fines for lost school equipment  
(Note: These receipts are to be deposited in the district's general fund).

##### **Suggested Audit Procedure:**

- Test a sample of receipts and examine transactions in the revenue/receipts journal to determine that receipts were related to student extracurricular activities and that none were for non-student activities such as those listed above.

**(Note To Auditor: If you become aware that the district is using interim depository accounts for various purposes, such as school lunch and driver education, test to determine that deposits to these accounts were distributed to the appropriate district funds intact and in a timely manner.)**

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### **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **ACCOUNTABILITY FOR ADMISSION CHARGES**

##### **21. Compliance Requirement:**

- The board of trustees must initiate and enforce a policy that will provide accountability for student activities in which admission is charged. To ensure accountability:
  1. Prenumbered colored strip tickets should be purchased and included in the stationery control. Each series of colored tickets should represent a price class and be sold only for that price.
  2. Ticket numbers should be charged out to the sellers responsible for admission collections.
  3. Each seller is required to turn in a report containing the following information:
    - a. Number of tickets sold for each price class.
    - b. Amount of money collected.
    - c. A reconciliation between the number of tickets sold for each price class times the designated price for that class with the amount of money collected.
    - d. Signature of the official approving the report.
  4. Unused tickets should be turned back in and accounted for.

##### **Suggested Audit Procedures:**

- Review internal controls the district is utilizing to ensure the accountability of admission charges.
- Select a sample of revenues/receipts from student activities for which admission was charged. Determine that the amount deposited was supported by a properly completed ticket sales report.
- Determine that the district maintains stationery control records to account for all admission tickets purchased by the district.

#### **CASH OVER/SHORT**

##### **22. Compliance Requirement:**

- The board of trustees should develop a policy regarding the handling of cash overages and shortages that may occur through ticket sales and concessions at athletic events, dances, or from the sale of subscriptions and other fund raising activities.

##### **Suggested Audit Procedure:**

- Review board policy addressing cash overages and shortages that may occur through extracurricular fund activities, and determine that the policy is consistently applied.

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### **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **STUDENT ACTIVITY TICKETS**

##### **23. Compliance Requirements:**

- The sale of student activity tickets, as well as a plan for use of ticket proceeds and allowed use of tickets, should be approved by the board of trustees. The plan should allocate the money received from the sale of the activity tickets to various fund accounts, and designate the activities to which students may gain admission with the activity ticket.
- All activity tickets should be prenumbered and accounted for through the stationery control records.
- The selling and issuing of activity tickets should be the responsibility of the fund custodian.

##### **Suggested Audit Procedures:**

- Obtain a copy of the plan which allocates the activity ticket proceeds to various fund accounts and designates the events for which the tickets may be used. Determine that this plan was approved by the board of trustees.
- Determine that the activity tickets are prenumbered and are accounted for through the stationery control records.
- Test a sample of activity ticket sales or the activity ticket sales for a particular period, and determine that the proceeds were distributed to the various fund accounts as required by the approved plan.

#### **EXPENDITURES**

##### **24. Compliance Requirement:**

- A.G.O. No. 44, Volume No. 28, states, "As our statutes are silent as to the exact method of administering extra-curricular funds, it would appear to be reasonable that the trustees and the student government body should agree on the expenditure of the money being limited, however, by the purpose or purposes of the trust." That opinion further states, "That extra-curricular school activity funds should be administered by the Board of Trustees of the school and the student government association." The board of trustees usually delegates some of its responsibility to a designated fund administrator, who is usually the district superintendent or school principal.

All extracurricular fund expenditures must initiate with and be authorized by representatives of the fund account to which the expenditure will be charged. The board of trustees should include in its extracurricular fund policy guidelines the

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### **EXPENDITURES – continued:**

#### **24. Compliance Requirement - continued:**

method which the district will utilize to authorize and document expenditures. Two optional methods are explained in *Student Activity Fund Accounting*. In all situations, *Student Activity Fund Accounting* requires that expenditures be authorized by the signatures of the fund account sponsor and the fund account president or treasurer. In addition, the fund custodian should sign the expenditure authorization for the purpose of verifying that funds are available.

#### **Suggested Audit Procedures:**

- Review the board's policy addressing disbursements from the extracurricular fund.
- Obtain from the fund administrator a listing of individuals authorized to approve expenditures for each fund account (fund account sponsor and fund account president and/or treasurer).
- Test a sample of selected expenditures to determine that they:
  - a. were handled in accordance with board policy,
  - b. were approved by the authorized individuals for the fund account they were charged to, as well as by the fund custodian (to verify that funds were available),
  - c. were related only to student activities,
  - d. were supported by adequate documentation, and
  - e. were properly recorded in the extracurricular fund accounting records.

#### **25. Compliance Requirements:**

- The extracurricular fund must not be used as petty cash fund for district expenditures. (ARM 10.10.304)
- Cash balances in the extracurricular fund may not be loaned to other district funds, may not be used to finance district expenditures for purposes other than student extracurricular activities, and may not be used as a convenience to pay the district's liabilities pending reimbursement from the appropriate district fund, except when student extracurricular expenditures are subsidized by the general fund. (ARM 10.10.304)

#### **Suggested Audit Procedure:**

- Test expenditures to determine that the extracurricular fund was not used to pay for district expenditures.

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### PAYROLL

#### 26. Compliance Requirements:

- The board of trustees should have a policy to handle payroll expenses paid from the extracurricular fund. *Student Activity Fund Accounting (June 1993 Revision)* contains the following: **(Note to auditor – see below for more current advice included in the November 2001 Revision of *Student Activity Fund Accounting*.)**

“The board should adopt one of the following options concerning payroll paid by the student activity fund:

##### Option 1

The student activity fund may reimburse the general and retirement funds (the easiest method is to simply reimburse the general fund for the gross salary and not worry about the retirement). In this case, the district deposits student activity checks to the general and retirement funds and asks the county treasurer to restore the budget in these funds. The expenditure would be reported in the student activity fund. The reimbursement (expenditure abatement) must be recorded in the same year the payment was made from the general fund.” **(Note: Since the county treasurer no longer keeps budget records for school district funds, it is not necessary to request that the county treasurer restore budget in the funds.)**

##### Option 2

“For management purposes, the district may establish revenue and expenditure accounts in the Payroll Fund to facilitate use of the district’s payroll computer program to pay for “student activity fund payroll” such as scorekeepers, referees, speech and drama meet judges. At the end of the month, a check is drawn on the student activity fund and deposited to the Payroll Fund to cover the “student activity fund payroll” for the month. The district must exercise great care to assure that revenues and expenditures are equal and no fund balance exists in the Payroll Fund at the end of the fiscal year. Revenues, expenditures and fund balance are not reported in agency funds such as the Payroll Fund.”

##### Option 3

“Establish a Student Extracurricular Fund (84) in the district’s computer system. Instead of issuing district warrants, student activity fund checks are issued by the business office or at each school building for later input to the district’s computer system. During the month, the “student activity fund payroll” is charged against Fund 84 like any other fund. At the end of the month, a check is drawn on the student activity fund and deposited to the Payroll Fund to cover the “student activity fund payroll” for the month. This

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### PAYROLL – continued:

#### 26. Compliance Requirements - continued:

method allows the district to prepare 1099's easily, including payments from both district and student activity funds.”

##### Option 4

“Like Option 3, establish a Student Extracurricular Fund (84), but issue district warrants instead of student activity fund checks. During the month, all student activity fund expenditures including payroll are charged against Fund 84 like any other fund. At the end of the month, the county treasurer transfer letter includes the appropriate transfers to the Payroll or Claims Funds. The disadvantage to this method is that funds are not immediately available if the board authorizes payment only once a month. Some districts have an auditing committee which pays bills weekly. Again, this method allows the district to prepare 1099's easily, including payments from both district and student activity funds.”

The board of trustees is not necessarily limited to these four options. Other methods may be more appropriate for particular school districts. Whatever method is utilized should be approved by the board of trustees, and should provide for full accountability and adequate controls.

- The board of trustees should have a policy to handle payroll expenses paid from the extracurricular fund. *Student Activity Fund Accounting (November 2001 Revision)* contains the following:

“It is our recommendation that all payroll costs be handled through the general funds. Most schools incur some costs for the extracurricular programs in the general funds and payroll costs would be a logical expense because districts are set up for workers compensation, OFLT, and retirement costs.

Districts may establish a Student Extracurricular Fund (84) in the district's computer system. Instead of issuing district warrants, student activity fund checks are issued by the business office or at each school building for later input into the district's computer system. During the month, the student activity fund payroll is charged against Fund 84 like any other fund. At the end of the month, a check is drawn on the student activity fund and deposited to the Payroll Fund to cover the student activity fund payroll for the month. This method allows the district to prepare 1099's and W-2 easily, including payments from both district and student activity funds.” (Note: 1099's should not be issued to district employees who perform work related to student activities. W-2s should include all wages paid to employees of the district.)

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### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

#### **PAYROLL – continued:**

#### **26. Suggested Audit Procedure:**

- Determine the board's policy for making payroll related expenditures of the extracurricular fund, and determine that the procedures are consistently followed.

#### **STUDENT TRAVEL**

#### **27. Compliance Requirements:**

- The board of trustees should adopt policies and procedures for student travel related to extracurricular activities. The policy should address how travel is to be authorized, the method or methods of paying travel expenditures, and final accountability for all travel costs associated with a trip.
- All student travel should be authorized in writing prior to the trip. Travel authorization forms should contain at least the following: date of request; date funds needed; destination and purpose of trip; estimated departure and return times; number of persons making trip; estimate of cash required (if applicable); estimate of expenses; signature of person requesting authorization (teacher, coach, faculty advisor, or other person responsible for trip); signature approval of principal, superintendent, or other individual as authorized by board policy; check number and date of issuance (if applicable); credit card or checkbooks issued (if applicable); and signature of fund custodian. Approved travel authorization forms should remain in a pending file until final accountability for the trip has been completed.
- There is no single prescribed policy for the handling and recording of student travel expenditures. The policy adopted by the board should specify the method or methods to be used to pay travel expenses. Alternatives include the use of credit cards; accounts with motels and restaurants, who will then bill the school directly; per diem allowances; cash advances; and school checkbooks. The alternatives are discussed in detail in *Student Activity Fund Accounting*.
- Regardless of the actual method of paying travel expenses, the board's policy should require that the trip sponsor promptly file a statement of final accountability at the conclusion of the trip. Final accountability statements should include at least the following: date; notation of advance funds received, if applicable (amount, date, & check number); complete listing of itemized expenditures paid, together with receipts or other documentary evidence of payment; totals of cash or checks expended; notation and totals of credit card or open account expenditures; the amount returned to the fund custodian if advances received exceed documented expenditures (verified by fund custodian receipt number); the amount of additional reimbursement requested if travel expenditures incurred exceed travel advances received (verified by fund

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### **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

#### **STUDENT TRAVEL – continued:**

#### **27. Compliance Requirements - continued:**

custodian check number); signature of person completing final accountability statement (teacher, coach, faculty advisor, or other person responsible for trip); and signature of fund custodian to indicate that there has been an acceptable final accountability.

#### **Suggested Audit Procedure:**

- Determine board policy regarding student travel, and test a sample of disbursements to determine that the policy is consistently applied. In particular determine that all travel is properly authorized and that there is final accountability for all travel, including documentation to support all expenditures.